

Message Text

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ACTION AF-18

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 H-02 RSR-01 /098 W

----- 053997

R 111541Z JUL 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 240

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IW.O. 11652: N/A

TAGS: EFIN,NI

RSUBJKT: INVESTMENT GUARANTEE BILATERAL AGREEMENT

REF: LAGOS 3348

1. AS I EXPLAINED TO OPIC PRESIDENT MILLS DURING MY RECENT WASHINGTON CONSULTATION, THE MINISTRY OF INDUSTRIES HAS SENT A BRIEF LETTER TO THE EMBASSY TURNING DOWN MY SUGGESTION, OUTLINED REFTTEL, FOR BREAKING THE IMPASSE OVER THE REVISION OF THE IGA. DEPT AND OPIC WILL RECALL THAT I HAD OFFERED TO RECOMMEND THAT USG ACCEPT ALL OTHER LANGUAGE IN THE MININD SEPTEMBER 26 DRAFT PROPOSAL IF THE MININD WOULD DROP ITS INSISTENCE AQN HAVING A VETO OVER ANY PAYMENTS UNDER THE GUARANTEE PROGRAM TO INSURED PARTIES.

2. OPERATIVE PART OF MININD'S BRIEF NOTE (COPIES BEING POUCHED TO MCKEE AND GITELMAN) GIVES NO REASON FOR REJECTING OUR SUGGESTION BUT SIMPLY STATES, IN EFFECT, THAT THE MINISTRY REGRETS TO SAY THAT ALTHOUGH THE SUGGESTION FOR AMENDING ARTICLE 3(2) OF THE AGREEMENT BY DELETING THE WORDS 'AND TO OBTAIN THE WRITTEN CONSENT OF' HAS BEEN CAREFULLY EXAMINED---"IT HAS NOT BEEN POSSIBLE FOR US TO ACCEED TO IT."

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3. EMBASSY HAS CONCLUDED, AFTER CAREFUL EXAMINATION,

THAT WE SHOULD REPLY EQUALLY BRIEFLY. WE BELIEVE A DETAILED EXPLANATION WOULD SERVE ONLY TO POINT UP DEPTH OF DIFFERENCE OF VIEW SEPARATING TWO PARTIES ON THIS CRITICAL POINT. MOREOVER, OUR VIEW ON THIS ISSUE HAS BEEN EXPRESSED TO THE MININD IN WRITING AND INDETAIL AS THE FIRST SUBSTANTIVE POINT OF CECIL HUNT'S LETTER TO GILBERT OBATOYINBO OF JULY 12, 1971.

4. WE PROPOSE TO SEND, OVER ECON COUNSELOR'S SIGNATURE, THE FOLLOWING LETTER TO MININD AND REQUEST AUTHORIZATION TO DO DO.

5. TEXT OF LETTER:

"I REFER TO THE LETTERS OF MAY 14 AND JUNE 5 WHICH YOU ADDRESSED TO MY PREDECESSOR, WILLIAM F. COURTNEY, CONCERNING THE BILATERAL INVESTMENT GUARANTEE AGREEMENT.

"ON HIS MOST RECENT TRIP TO THE UNITED STATES, AMBASSADOR REINHARDT AGAIN DISCUSSED WITH THE RESPONSIBLE OFFICIALS OF MY GOVERNMENT OUR EFFORTS TO ARRIVE AT A MUTUALLY ACCEPTABLE REVISION TO THE INVESTMENT GUARANTEE BILATERAL AGREEMENT. THEY RESTATED THEIR HOPE THAT YOU WOULD FIND IT POSSIBLE TO ACCEPT THE SINGLE CHANGE WE HAD REQUESTED IN THE DRAFT WHICH WAS ATTACHED TO YOUR JUNE 5 LETTER, THAT IS, THAT YOU COULD AGREE TODELETE THE WORDS "AND OBTAIN THE WRITTEN CONSENT OF" FROM PARAGRAPH 3(2) OF THAT DRAFT. IN THE CIRCUMSTANCES, I REGRET THAT WE ARE NOT AUTHORIZED TO CONCUR IN THE DRAFT ATTACHED TO YOUR LETTER OF JUNE 5.

"I SHOULD LIKE TO ASSURE YOU, HOWEVER, OF OUR WILLINGNESS TOCONTINUE WITH YOU THE SEARCH FOR WAYS OF REACTIVATING THE US INVESTMENT GUARANTEE PROGRAM IN NIGERIA. WE REMAIN CONVINCED THAT THIS PROGRAM WOULD CONTRIBUTE SIGNIFICANTLY TO ATTRACTING THE INVESTMENT WHICH YOUR GOVERNMENT WANTS.
REINHARDT

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